

Corporate Social Responsibility

INTRODUCTION TO CORPORATE SOCIAL RESPONSIBILITY

- ◆ Evolution and Definition of CSR;
- ◆ CSR Related Concepts;
- ◆ CSR Involvement Strategies;
- ◆ Drivers/Factors/Motives for CSR;
- ◆ Trends of CSR; and
- ◆ Management of CSR.

Evolution and Definition of CSR

- 10 It has been defined or described differently depending on individual perceptions of responsibility/obligation that in turn addresses the broader topic of the role of the organization in society;

Evolution and Definition of CSR

Contd...

- ◆ CSR can sometimes be labelled as social responsibility (SR), corporate citizenship or corporate sustainability;
- ◆ Today not only are firms expected to be virtuous, but also they are being called to practice “social responsibility” or “corporate citizenship”.

Evolution and Definition of CSR

- ◆ Many dimensions of business activities:
 - Social (e.g. community programmes);
 - Economic (e.g. employment of the community)
 - Environmental (e.g. waste reduction).
- ◆ CSR is a concept whereby enterprises integrate social and environmental concerns into their business policies and operations, with a view to improving their impact on society

Evolution and Definition of CSR

Contd...

- ◆ CSR represents “the commitment of business to contribute to *sustainable* economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development”(World Bank).

Evolution and Definition of CSR

Contd...

- ◆ CSR means open and transparent business practices that are based on ethical values and respect for employees, communities and the environment. It is designed to deliver ***sustainable*** value to society at large, as well as to shareholders.

Evolution and Definition of CSR

Contd...

- ◆ In short it can be concluded that definition of CSR entails the obligation stemming from the implicit “social contract” between business and society for firms to be responsive to society’s long-run needs and wants, optimizing the positive effects and minimizing the negative effects of its actions on society.

Evolution and Definition of CSR

Contd...

- ◆ Carroll (2000) claimed that businesses not only have the economic responsibility of being profitable and the legal responsibility to follow the laws or ground rules that guide their ability to achieve their economic requirements, but they also have ethical responsibilities that include a range of societal norms, or standards.

Evolution and Definition of CSR

Contd...

- ◆ Also EU in lieu with this, said being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders (EU, 2001).

CSR Related Concepts

- ◆ Corporate Citizenship;
- ◆ Corporate Community Involvement;
and
- ◆ Corporate Social Investment

Question??

Compare and Contrast the three CSR Concepts

CSR Related Concepts

Contd...

Corporate Citizenship:

The manner in which a company manages its economic, social and environmental relationships, as well as those with different stakeholders; in particular shareholders, employees, customers, business partners, suppliers, natural environment, governments and communities determine its impact.

CSR Related Concepts Contd...

Corporate Community Involvement:

Corporate function that typically encompasses corporate practices that enable the company to form relationships with members of communities in which it operates.

CSR Related Concepts

Contd...

Corporate Social Investment:

- ◆ This is when an organization contributes to society and community which is outside its line of business; and
- ◆ It is mainly done as donation to charitable organizations and those who are less privileged in the community.

CSR Involvement Strategies

◆ Push Factors; and

◆ Pull Factors

CSR Involvement Strategies Contd...

◆ Push Factors

- Business is sitting in the middle with both societal and political pressures coming at it from the outside;
- In this, CSR agenda are translated into business settings

CSR Involvement Strategies Contd...

◆ Pull Factors

- CSR as coming from the business idea; and
- It relies mainly as a result of self regulation or an initiative launched by a company itself

Drivers/Factors/Motives of CSR

- ◆ Market Factors;
- ◆ Social Factors;
- ◆ Governmental Factors; and
- ◆ Forces for Change.

Drivers/ Factors/ Motives of CSR

Contd...

Market Drivers/Factors

- 10 Consumers;
- 10 Employees;
- 10 Investors; and
- 10 Suppliers.

Market Drivers / Factors

- ◆ Consumers' preferences for socially responsible products and services very few but there are clear niche markets of consumers who are prepared to pay more for goods and services that they consider socially responsible

Market Drivers/Factors Contd...

- 10 It is also common for businesses suppliers to demand adherence to CSR related practices before they engage another business e.g. Tender documents asking for evidence of 'Environmental, Social and Governance' practices

Market Drivers/Factors Contd...

Employees as CSR Drivers

1. The graduate levels; are in part informed by the broader reputation of companies, including their CSR;
2. Certain niches of employees are often keen that the companies are involved in their immediate communities; and
3. Certain employees' demands concerning work life balance that met in terms of not simply human resources policies but also a company's CSR policies.

Government Drivers/Factors

- ◆ Some governments have ministers responsible for CSR (like UK Government);
- ◆ At a most basic level governments can endorse business social responsibility, by encouraging business leaders to address the issues of CSR;

Government Drivers/Factors Contd...

- ◆ Facilitation of CSR through the provision of organizational support and facilities for CSR events
- ◆ Enacting laws requiring the reporting of CSR issues and also workers and consumers protection

Forces for Change

- ◆ Globalization;
- ◆ Technology;
- ◆ Demographics;
- ◆ Values; and
- ◆ Changing Stakeholders' Perceptions

Forces for Change

Contd....

◆ *Globalization*

- Rise of international business, open markets, movement of capital, goods and people

⑩ *Technology*

- Interconnectedness, flow of ideas, access to information, real time communication, social media

Forces for Change Contd....

◆ *Demographics*

- From 6 billion to 9 billion by 2050, ageing populations, rural to city, inequality

10 *Values*

- What is acceptable/not acceptable?

Forces for Change Contd....

◆ *Changing Stakeholders' Expectations*

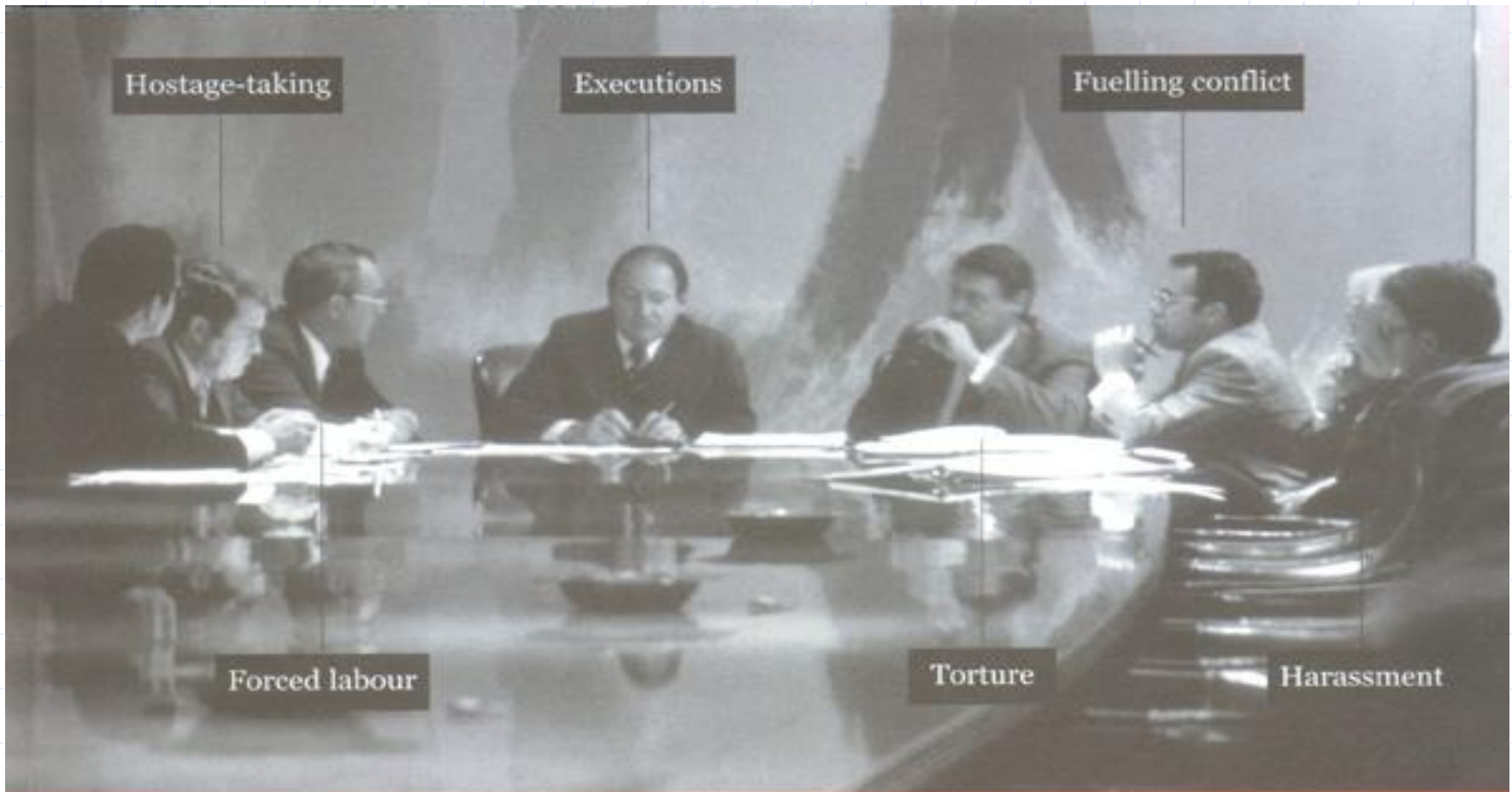
- Consumers;
- Large business;
- Investors and financial institutions;
- Employees;
- Governments and regulatory authorities; and
- Organized campaign groups/NGOs.

CSR KEY ISSUES FOR SOCIETY

- ◆ **Health**
- ◆ **Education**
- ◆ **Environment**
- ◆ **Jobs**
- ◆ **Welfare improvement**
- ◆ **?**



CSR-A DIVERSE AGENDA FOR BUSINESS TO MANAGE



It's surprising what today's top executives might have to handle

CSR KEY CHALLENGES FOR BUSINESS

- ◆ Building the capacity and capabilities of their staff;
- ◆ Growing the business through market development; and
- ◆ Protecting their reputation

***How can we use CSR to manage social
Issues??***

The End!!